Rockefeller Brothers Fund

Mission Aligned Investing Through Proxy Voting

Introduction

The Rockefeller Brothers Fund seeks to build a more just, sustainable, and peaceful world. In doing so, the Fund depends on its endowment to generate the funds to finance its grants and philanthropic expenditures. An underlying objective for managing the endowment is to ensure the Fund's long-term viability which requires a long-term investment horizon.

As a private foundation, the Fund must distribute annually 5% of its endowment for charitable purposes. Given the enormous and complex challenges facing today's increasingly interdependent world and the breadth of the Fund's programmatic priorities, leveraging the remaining 95% of the portfolio to support the Fund's mission more effectively is essential. Therefore, the Fund prioritizes the development of investment policies and practices that enable the foundation to achieve its long-term financial objectives while aligning its investments with its mission.

Over the years, the Fund's efforts to implement mission-aligned investing policies have evolved. Each initiative can be viewed as separate elements of a cohesive effort to utilize the endowment to support the mission of the Fund. (The Fund's Mission-Aligned Investment Efforts Statement, found at http://www.rbf.org/about/mission-aligned-investing, describes in detail how the RBF seeks to align its endowment with its mission.)

The Proxy Voting Guidelines ("the Guidelines") that follow are one such set of mission-aligned investing policies. The RBF developed these Guidelines with the understanding that the voting rights that come with common stock ownership are economic assets of the foundation. Conscientious financial stewardship demands that proxy voting rights, like all other economic assets of the foundation, be managed with proper care and attention. Voting rights give shareowners the opportunity— and the responsibility—to participate in the governance and activities of publicly owned corporations. If shareowners engage actively, corporate responsibility will be strengthened and the prospects for favorable long-term financial performance will likely be enhanced.

The Guidelines apply only to votes solicited by U.S. companies held in the Foundation's name. The RBF has additional investments in U.S. and non-U.S. corporations, but this exposure is achieved primarily through commingled investment vehicles where fund managers have responsibility to vote proxies. For these managers, the Fund will share its Guidelines and encourage adoption of these principles. Finally, with regard to terminology, "shareowner" was deliberately chosen over the more common "shareholder" or "stockholder" in order to emphasize the concept of ownership and the rights and responsibilities that come with being an owner.

Table of Contents

Board of Directors

The board of directors is responsible for the overall governance of a company. They decide corporate policies and are responsible for making decisions in the best interest of a company and its shareowners. The board should be fully committed to a company's success without conflicts of interest. We believe, in order to mitigate downside risks and generate long-term shareowner value, that companies should consider and incorporate prudent governance practices, environmental sustainability, and social responsibility in company policies and strategies.

Guiding Principles

- The board must be independent in order to provide proper oversight of management.
- The board must be chaired by an independent director.
- The board should be of a reasonable size for effective governance.
- The board should reflect diversity including, but not limited to, differences based on race, ethnicity, nationality, age, gender, sexual orientation, class, religious belief, and physical ability.
- The board should install policies that are aligned with creating long-term shareowner value, including, but not limited to, the management of its environmental and social impacts, as well as the financial, environmental, and social capitals necessary to create value.
- The board and its committees should be held accountable for their actions and the actions of the CEO that reports to them.

Specific Votes

Independence

We will oppose:

- Non-independent board chairs.
- Members of compensation, nominating, and audit committees who are non-independent.
- Non-independent director nominees where a board has failed to constitute a two-thirds majority of independent directors.

Accountability

We will oppose:

- The election of a director who attends less than 75% of board meetings without a valid reason.
- The election of a director who sits on more than four public company boards, and the election of a CEO who sits on two other public company boards.
- The election of a director who has failed to adequately guard against, manage, or control risks, including product risks and ESG risks.

Responsiveness

We will vote against:

- The entire board if it failed to put forward a management proposed Proxy Access resolution in line with current best practice after receiving a shareholder proposal requesting proxy access.

Executive and Director Compensation

The majority of executive pay should depend on the creation of long-term shareowner value. As a result, we support stock ownership and retention requirements as they reinforce executives' "shareowner" mindset. Executive pay should be reasonable on an absolute basis and should not dilute shareowner' interests. Lastly, regards to severance pay, executives should be paid for performance, and not simply for departure.

Guiding Principles

- Executive compensation should be appropriately linked to company performance.
- Executive compensation should not be excessive.
- Compensation decision-making and required pay practice disclosures should be clear and focus as much on the "why" as the "how much".

Specific Votes

Advisory Vote on Executive Compensation

We will support:

- Advisory votes on executive compensation that do not violate the above mentioned principles.

Payment Plans for Executives

We will oppose:

- Executive compensation that promotes "pay for failure" or encourages long or indefinite contracts, and excessive severance packages.
- Evergreen provisions that have no expiration date.
- Annual option grants that exceed 2 percent of total outstanding shares.
- Golden parachutes that lack a triggering mechanism beyond the control of management or double-triggered change-in-control payments, or have an amount exceeding three times base amount.

Auditors

Guiding Principles

- The auditor should be free from conflicts of interest.
- Ratification of the auditor if a company is required to sign an arbitration agreement and/or if consultant fees, not related to the audit, represent more than 25% of the total fees paid to the auditor.

Specific Votes

We will oppose:

Resolutions that remove auditor ratification from the ballot.

Capital Structure

Companies finance their operations and growth through using different sources of capital. When issuing new stock offerings, we support a 'one-share, one-vote' standard. Any divergence from this standard may give certain shareowners disproportionate power versus their economic interest and we believe that this is not in the best long-term interest of the company or its shareowners.

Guiding Principles

- Equal voting rights for common stock.
- Shareowners must approve changes in common equity capitalization structure.

Specific Votes

We will support:

- The adoption of a one-share, one-vote policy.

We will oppose:

- Stock structures, such as dual classes of common stock, that create unequal shareowner voting rights.
- The authorization of preferred stock enabling directors to issue shares at their discretion.

Shareowner Proposals

Shareowners have a stake in a company's financial success, and are responsible for holding directors and management accountable for the effective management of ESG-related issues that impact the company's ability to create long-term value. Every year hundreds of shareowner proposals are filed on a range of topics from executive compensation and other governance-related matters to environmental and social issues that may be of importance to a company's long-term success.

Guiding Principles

- Increased transparency, accountability, and regular decision-useful reporting is in the best interest of shareowners.
- Directors, and the company more broadly, are accountable to all stakeholders including shareowners, employees, and communities.

Specific Votes

Board of Directors

We will support:

- The adoption of a simple majority vote standard for the election of directors; declassifying the board; and establishment of cumulative voting.
- The adoption of a board diversity policy and reporting on board diversity nominating processes.
- The development of a CEO succession policy.

Executive Compensation

We will support:

- Linking executive pay to relevant industry ESG metrics.
- Disclosing and reducing pay disparity between CEO and average named executive officers and CEO and employees' median wage.

Shareowner Rights

We will support proposals that ask companies to:

- Allow shareowners the ability to nominate board candidates (i.e., "proxy access").
- Eliminate supermajority voting requirements.
- Require an annual "say-on-pay" vote.
- Allow shareowners to call special meetings.
- Require the adoption of confidential voting and independent tabulation of proxy ballots.

Takeover Situations

We will support:

- The elimination of different voting rights of different series and share classes (e.g., shares establishing two classes of common stock).
- Proposals that ask that companies to submit shareowner rights plans (e.g., poison pills) for approval.
- The adoption of anti-greenmail amendments.

Environmental Sustainability and Social Responsibility

As long-term shareowners, we believe companies should establish effective management of relevant environmental and social issues that impact a company's ability to create long-term value. Companies should adopt policies aligned with best practices to track, measure, manage, and report on relevant environmental and social risks and impacts.

Overarching Guiding Principles

- Companies should use the Sustainability Accounting Standards Board's industry-specific accounting standards to disclose relevant sustainability issues in mandatory filings, such as the form 10-K and 20-F.
- Companies should sign and commit to implementing the principles of the United Nations Global Compact, and, where relevant, the United Nations Principles of Responsible Investment.
- Companies should adhere to the Equator Principles, where relevant.
- Companies should set appropriate goals and targets for managing environmental and social issues aligned with long-term value creation.

Environment

Guiding Principles

- Companies should adopt policies and best practices to manage environmental risks and facilitate the efficient use of regenerative natural resources.
- Companies should be accountable with regards to their environmental impact and report to shareowners.

Specific Votes

We will support proposals that ask companies to:

Climate Change

- Report on climate risks to business operations, such as, but limited to regulatory, financial, and physical risks.
- Adopt greenhouse gas emissions reduction targets for company operations, supply chains, and products.
- Report on greenhouse gas emissions reduction targets.
- Report on fossil fuel stranded asset risk due to climate policy, low demand outlooks, or shift towards climate-driven technological advances.
- Report on financial climate-related risks resulting from underwriting greenhouse gas emissions intensive projects/investments.

Energy Efficiency

- Adopt energy efficiency targets.
- Assess the feasibility of increasing renewable energy sourcing and/or adopting renewable energy targets.
- Reduce companies' consumption of fossil fuels aligned with the Paris Agreement to limit global temperature increase to 1.5 degrees Celsius.

Environmental Impacts

- Assess and report on the environmental risks of all extraction operations including hydraulic fracturing, deepwater offshore drilling, arctic drilling, and tar sands extraction, as well as industrial livestock production.

Resource Use and Environmental Management

- Adopt cost effective strategies to reduce, reuse, and recycle materials used in production processes and packaging throughout the supply chain.
- Manage forest resources and/or purchase wood products in accordance with generally accepted standards for sustainable forestry management.
- Adopt water reduction strategies and goals.
- Report on water use risks in areas of water scarcity.

Product Safety & Environmental Health

- Adopt strategies to reduce or eliminate the use of toxic substances in products and packaging materials.
- Label products with GMOs.

Social

Guiding Principles

- Companies should foster, throughout their operations, the values of diversity, equity, and inclusion. This includes, but is not limited to, safe workplace operating conditions and creating a genuinely inclusive work environment where diverse voices are present and active in all aspects of the company's operations to enhance long-term value creation.
- Companies have a responsibility to respect human rights aligned with the UN Guiding Principles on Business and Human Rights.
- Companies should report on their contributions to political activities.

Specific Votes

We will support proposals that ask companies to:

Human Rights

- Adopt a policy, aligned with the UN Guiding Principles on Business and Human Rights, which also addresses human trafficking, forced labor, child labor, and the sexual exploitation of minors.
- Conduct an assessment, and make public the results, of a company's responsibility to respect human rights.
- Assess and report on human rights risks across operations and supply chains.

Workplace Diversity

- Adopt a non-discrimination policy that includes race, ethnicity, nationality, age, gender, sexual orientation, religious belief, and physical ability.
- Disclose equal employment opportunity (EEO-1) diversity data.

Health

- Report on high-priced drug pricing policy and rationale for pricing differential across geographies and markets.
- Disclose tobacco-related health risks in all end-consumer markets.

Political Activity

- Adopt board oversight of all political spending and lobbying activities.
- Ban the use of company resources to support, directly or indirectly, candidates for political office.
- Report on contributions made to candidates, political parties, and political groups, directly and through political action committees.
- Report on contributions made to trade associations for political purposes.
- Report on lobbying and campaign spending.

Trojan Horse Resolutions

Resolutions filed by faux-grassroots organizations sometimes imitate the language of intentional proposals on environmental or social issues, but are actually in direct opposition to a company managing ESG risks or fostering an inclusive workplace for employees.

Specific Votes

We will oppose proposals that ask companies to:

Climate Change

- Disclose risks posed by government climate and/or renewable energy policies.

Corporate Political Activity

- Disclose political spending and charitable giving.

Free Speech

- Adopt and report on free speech anti-bias policy.